

COMPROMISE & CLOSING AGREEMENT

In the Matter of the Petition for)	
Redetermination of)	TAX COMMISSION NO. 17719
)	
[Redacted],)	ADA COUNTY DISTRICT COURT
)	CASE NO. CV-OC-05-00705D
Petitioner.)	
)	
)	

Pursuant to the provisions of Idaho Code § 63-3048, [Redacted] and the Idaho State Tax Commission (Commission) enter into this Compromise and Closing Agreement. [Redacted] filed a Petition for Redetermination with the Tax Commission relative to its Idaho income tax liability for the taxable years ended May 31, 1999 through May 31, 2002. The Tax Commission issued a decision regarding [Redacted] Petition for Redetermination in Docket No. 17719. [Redacted] appealed the Tax Commission's decision to the Ada County District Court. The matter currently is pending before the district court as Case No. CV-OC-05-00705D.

After a full disclosure of all relevant facts, [Redacted] and the Commission agree to resolve the judicial and administrative proceedings related to the Petition for Redetermination of tax deficiency on the following terms and conditions:

(1) [Redacted] agrees to pay the undisputed amount of \$443,342 for income tax and interest regarding the taxable years at issue. The Commission acknowledges that [Redacted] has made payments which should be credited against the undisputed amount. Specifically, [Redacted] is entitled to a credit for the security of \$135,000 [Redacted] deposited with the Tax Commission when the company appealed to the district court. After this credit, the remaining amount due under this agreement is \$308,342.

(2) Payment of the remaining \$308,342 will satisfy [Redacted] liability for the entire amount of the tax deficiency asserted for the taxable years at issue.

(3) The Commission acknowledges receipt of this agreement signed by [Redacted], and further acknowledges [Redacted] has tendered payment in the amount of \$308,342.

(4) [Redacted] withdraws its Petition for Redetermination in Docket No. 17719 as it relates to the taxable years in question and that all amended returns filed with the Commission and related to the taxable years also are resolved by this agreement.

(5) The parties further agree that [Redacted] appeal of the Tax Commission's decision in Docket No. 17719, and currently pending before the Ada County District Court as Case No. CV-OC-05-00705D, shall be dismissed with each party to bear its own attorneys fees and costs. Upon execution of this agreement and payment to the Commission of the agreed-upon amount, the parties authorize and direct their respective attorneys to sign appropriate motions or stipulations for dismissal with prejudice and to file all necessary documents to dismiss with prejudice the district court action as soon as practical.

(6) With [Redacted] payment of the agreed-upon amount, the taxable years at issue are considered closed. This agreement shall be final and conclusive between the parties for those taxable years. The taxable years shall not be reopened by the Commission, nor shall any suit, action, or proceeding for determination, assessment, collection, refund, or credit be brought by either party against the other; *provided, however*, that pursuant to Idaho Code § 63-3068(f), adjustments to [Redacted] federal return either by the Internal Revenue Service or by voluntary action on the part of [Redacted] shall be subject to adjustment for Idaho tax purposes.

(7) For the limited purpose of reflecting only such limited federal adjustments, [Redacted] may file an amended return or the Commission may issue a notice of deficiency determination. Adjustments made to [Redacted] federal returns shall be reported using the same combined group as determined by the Tax Commission audit staff and using the following apportionment factors:

For the taxable year ending 5/99 - 0.1052%
For the taxable year ending 5/00 - 0.0687%
For the taxable year ending 5/01 - 0.0582%
For the taxable year ending 5/02 - 0.1541%

(8) This agreement shall not be interpreted by either party or by any administrative agency or court as an admission or as a concession. This agreement shall not be interpreted by either party or by any administrative agency or court as a waiver by either party of any claim or defense that may be asserted by either party in any future disputes regarding the income tax liability of [Redacted] for any period not expressly included within this agreement.

Dated: _____

[Redacted]

Title: _____

Dated: _____

Commissioner
Idaho State Tax Commission

Dated: _____

Commissioner
Idaho State Tax Commission